

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:1666

ANSWERED ON:03.08.2005

FDI IN CAPTIVE COAL MINING SECTOR

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Will the Minister of COAL be pleased to state:

- (a) whether the Government proposes to permit 100 percent FDI in captive coal mining sector as reported in the`Dainik Jagaran,dated June 7, 2005;
- (b) if so, the details of the facts reported therein;
- (c) whether the Government also proposes to permit steel and cement sectors to mine coal for their own use;
- (d) if so, the details thereof;
- (e) whether the Government is contemplating to bring any legislation /bill regarding mining of coal;
- (f) if so, the details thereof;
- (g) whether the gap between demand and supply of coal would get narrowed as a result thereof; and
- (h) if so, the details thereto ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COAL (DR. DASARINARAYANA RAO)

(a) & (b): As per the existing policy, private Indian companies setting up or operating power projects as well as coal or lignite mines for captive consumption in such projects have been allowed foreign equity upto 100% provided that the coal or lignite produced by them is meant entirely for captive consumption in power generation. Other private companies engaged in exploration or mining of coal and lignite for captive consumption for production of iron and steel and production of cement are allowed foreign equity upto 74% . A proposal to enhance foreign equity participation upto 100% in case of such private companies from the existing 74% is under consideration of the Government.

(c) & (d): The Coal Mines (Nationalisation) Act, 1973, as amended in 1993, allows captive mining of coal by Indian companies for use in power generation and iron and steel production. Under the provisions of said Act, the Central Government notified on 15.03.1996 production of cement as an end use, for the purpose of captive mining of coal.

(e) & (f): A Bill, namely, the Coal Mines (Nationalisation) Amendment Bill, 2000, which seeks to allow mining of coal to any Indian company without the restriction of captive use. was introduced in the Rajya Sabha on 24.04.2000 and is pending for consideration. Moreover, the Government are considering a proposal to introduce competitive bidding as an objective and transparent process of selection for allocation of coal blocks, which may also require amendment to the Coal Mines (Nationalisation) Act, 1973.

(g) &(h): With increase in production of coal from the captive blocks given to companies in the private and the public sector, the gap between the demand and supply would reduce commensurately. It is estimated that the total rated production of coal from the 86 coal blocks allocated/ decided for allocation could be of the order of 200 million tonnes per annum .